



Honorable Marvin Abney  
Chairman, House Finance Committee  
Rhode Island State House  
Providence, RI 02903

May 4, 2021

RE: Testimony on H. 5789– Temporary Disability Insurance

Chairperson Abney,

We, the undersigned members of the Rhode Island Business Coalition, oppose H. 7544 – Relating to Labor and Labor Relations – Increases taxable wage base for employee contributions to TDI/TCI fund/individual benefit rates for eligible individuals/maximum caregiver weeks/creates new credit for low wage taxpayers not income eligible to receive benefits.

At the current time, Rhode Island is one of just three states in the nation to have enacted a mandatory caregiver insurance program. Expanding the program definition to include siblings and grandchildren would make Rhode Island even more of an outlier, as California is currently the only state in the nation that allows workers to take paid leave to care for siblings and grandchildren.<sup>1</sup> New Jersey, the only other state to have enacted a program similar to TCI, does not currently allow workers to take paid leave to care for siblings or grandchildren.<sup>2</sup> It is the Coalition's position that Rhode Island should seek to reduce the number of areas in which it is an outlier nationally, rather than moving to further outlier status.

How would this extension of benefits impact the TCI/TDI trust fund, and the tax rate every employee in the state is required to pay? Will this change require an increase in the tax rate? If so, will the resulting decrease in Rhode Islanders' net pay have a negative impact on the state's broader economy? Furthermore, it bears emphasizing that employers are required to hold an employee's job while that employee is out on TCI leave. What impact will extending TCI leave to eight weeks have on employers in the state? The current four-week benefit already places a substantial burden on small businesses in the state – for example, a study conducted by the University of Rhode Island indicates that small businesses are more likely to report having to hire a temporary replacement, are less able to put work on hold, and are more likely to require more from other employees while an employee is out on TCI leave.<sup>3</sup> Therefore, the Coalition believes an economic impact analysis should be conducted before adopting this proposal to ensure that the expected benefits outweigh the potential negative consequences.

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<sup>1</sup> <https://www.shrm.org/resourcesandtools/tools-and-samples/policies/pages/california-paid-family-leave-policy.aspx>

<sup>2</sup> [https://lwd.state.nj.us/labor/forms\\_pdfs/tdi/WPR-119.pdf](https://lwd.state.nj.us/labor/forms_pdfs/tdi/WPR-119.pdf)

<sup>3</sup> [https://www.dol.gov/wb/media/RI\\_paid\\_leave\\_report.pdf](https://www.dol.gov/wb/media/RI_paid_leave_report.pdf)

Finally, this legislation would increase the taxable wage base for temporary disability benefits and would increase the benefit rate for individuals earning up to two times the state's minimum wage. It is important to note, however, that the annual fund cost rate has already been established by DLT for 2021. This means that more money will likely be paid out by the trust fund over the course of 2021 without a corresponding increase in the tax rate, therefore depleting the fund's reserves. As a result of this depletion, fund cost rate in subsequent years will likely increase. Once again, we believe it is crucial to analyze what impact this substantial tax increase will have on the Rhode Island economy before proceeding with this proposal.

H. 5789 makes several changes to Rhode Island's TDI/TCI program, and it remains unclear how those changes will impact employers, employees, and the broader economic climate in the state. In light of these questions and concerns, the Rhode Island Business Coalition respectfully urges legislators to take no further action on this bill.

Sincerely,

Rhode Island Staffing, William Roth, Executive Director

Rhode Island Small Business Economic Summit – Grafton Willey, Tax and Budget Committee Chairman

Rhode Island Business Group on Health – Al Charbonneau, Executive Director

Rhode Island Lumber and Building Materials Dealers Association – Kirk Ives, Regional Director

Rhode Island Society of Certified Public Accountants – Melissa Travis, President